



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 3, 2000

H.R. 4141 **Education Opportunity to Protect and Invest in our** **Nation's Students Act**

*As ordered reported by the House Committee on Education and the Workforce
on April 13, 2000*

SUMMARY

Programs under the Elementary and Secondary Education Act of 1965 (ESEA) are authorized through 2000 under the General Education Provisions Act (GEPA). H.R. 4141 would extend the authorization for several of these programs through 2005. The bill addresses programs that fund violence and drug prevention programs, technology education, an education block grant, and programs of national significance. Because most of these programs will qualify for an automatic one-year extension under GEPA, CBO has estimated costs through 2006.

CBO estimates that authorizations under the bill relative to current law would total about \$2.2 billion in 2001 and about \$14 billion over the 2001-2006 period, assuming adjustments for inflation, or \$2.2 billion and \$13.3 billion, respectively, without such adjustments. Over the 2001-2006 period, CBO estimates that implementing H.R. 4141 would increase outlays by \$10.4 billion assuming appropriations keep pace with inflation, and by \$10 billion without such inflation adjustments.

The reauthorization of programs under H.R. 4141 would provide grants to state and local education agencies and tribal governments to assist specific populations of students in meeting state performance standards. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs incurred by state, local, or tribal governments would result from complying with conditions of aid.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4141 is shown in Table 1. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF H.R. 4141

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION							
With Adjustments For Inflation							
Spending Under Current Law							
Budget Authority/Authorization Level ^a	1,927	762	150	152	155	0	0
Estimated Outlays	1,829	2,064	1,060	357	207	158	46
Proposed Changes							
Estimated Authorization Level	0	2,197	2,231	2,268	2,306	2,499	2,540
Estimated Outlays	0	116	1,354	2,035	2,214	2,288	2,435
Spending Under H.R. 4141							
Estimated Authorization Level	1,927	2,960	2,381	2,421	2,461	2,499	2,540
Estimated Outlays	1,829	2,180	2,414	2,392	2,421	2,446	2,482
Without Adjustments For Inflation							
Spending Under Current Law							
Budget Authority/Authorization Level ^a	1,927	760	145	145	145	0	0
Estimated Outlays	1,829	2,064	1,058	353	200	150	44
Proposed Changes							
Estimated Authorization Level	0	2,162	2,162	2,162	2,162	2,305	2,305
Estimated Outlays	0	114	1,331	1,980	2,124	2,160	2,261
Spending Under H.R. 4141							
Estimated Authorization Level	1,927	2,922	2,307	2,307	2,307	2,305	2,305
Estimated Outlays	1,829	2,178	2,389	2,333	2,324	2,309	2,305

NOTE: Components may not sum to totals because of rounding.

a. The 2000 level is the amount appropriated for that year for the programs that H.R. 4141 would reauthorize. The 2001 level includes \$615 million from an advance appropriation already enacted. Remaining amounts for 2001 and subsequent years are the estimated authorization levels under current law.

CBO's estimate of the total spending under current law for 2001 includes budget authority that was provided in advance under Department of Education Appropriations Act, 2000, contained in the Consolidated Appropriations Act, 2000 (Public Law 106-113) and outlays from both this advanced authority and funding from previous years. CBO's estimate of proposed changes under H.R. 4141 does not make any assumptions about advanced funding. Therefore, the estimate of total spending in 2001 under H.R. 4141 includes the advance appropriation enacted for the 2000-2001 academic year as well as the total estimated funding under H.R. 4141 for the 2001-2002 academic year.¹

BASIS OF ESTIMATE

H.R. 4141 would reauthorize several existing education programs that fund violence and drug prevention programs, technology education, and programs of national significance. All of the bill's provisions would be subject to appropriation action. The bill would reauthorize funding for 2000 through 2005; however, programmatic changes would not take effect until 2001. Under GEPA, the programs would automatically be authorized for an additional year; therefore, CBO estimates costs through 2006. For the purposes of this estimate, CBO assumes that H.R. 4141 will be enacted by October 1, 2000, and that the full amounts authorized would be appropriated by the beginning of each fiscal year.

In general, the bill would set authorization levels for 2000 equal to the actual appropriations and would authorize the appropriation of such sums as necessary for the subsequent years, when the programmatic changes would become effective. CBO assumes spending levels for 2001 through 2006 will remain consistent with the 2000 amount unless revisions under the bill would alter the required funding level. For a small set of programs, the bill sets specific authorization levels for each year through 2005.

With adjustments for inflation, CBO estimates the bill would increase authorized levels by \$2.2 billion for 2001 and by \$2.5 billion for 2006. Table 2 provides a detailed breakdown of CBO's estimates for the various components of titles II through IV of H.R. 4141, including adjustments for inflation. CBO estimates no additional costs would result from titles I or VI.

1. Funds for education programs are generally provided on an academic-year basis, so appropriations made in 2000, including any advances for 2001, are intended for the 2000-2001 academic year.

TABLE 2. DETAILED EFFECTS OF H.R. 4141, WITH ADJUSTMENTS FOR INFLATION

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION							
Spending Under Current Law							
Budget Authority /Authorization Level ^a	1,927	762	150	152	155	0	0
Estimated Outlays	1,829	2,064	1,060	357	207	158	46
Proposed Changes:							
Title II - Drug and Violence Prevention and Education							
State Grants for Drug and Violence Prevention Programs							
Estimated Authorization Level	0	959	974	991	1,008	1,025	1,042
Estimated Outlays	0	48	672	922	986	1,003	1,020
National Programs							
Estimated Authorization Level	0	20	20	20	20	20	20
Estimated Outlays	0	1	14	19	20	20	20
Subtotal, Title II							
Estimated Authorization Level	0	979	994	1,011	1,028	1,045	1,062
Estimated Outlays	0	49	686	941	1,006	1,023	1,040
Title III - Tech for Success							
Tech for Success Grant program							
Estimated Authorization Level	0	746	757	771	784	795	808
Estimated Outlays	0	39	337	640	725	765	786
Ready to Learn Television							
Estimated Authorization Level	0	16	17	17	17	17	18
Estimated Outlays	0	1	7	14	16	17	17
Telecommunication Program							
Estimated Authorization Level	0	9	9	9	9	9	9
Estimated Outlays	0	0	4	7	8	9	9
Subtotal, Title III							
Estimated Authorization Level	0	771	783	796	810	822	835
Estimated Outlays	0	40	348	661	749	791	812
Title IV - Innovative Education programs							
Estimated Authorization Level	0	372	378	384	391	398	404
Estimated Outlays	0	19	261	358	382	389	396

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
Title V - Programs of National Significance							
Fund for the Improvement of Education							
Estimated Authorization Level	0	50	50	50	50	50	50
Estimated Outlays	0	6	40	49	50	50	50
Arts Education							
Estimated Authorization Level	0	12	12	12	12	13	13
Estimated Outlays	0	1	8	11	12	12	12
Public Charter Schools							
Estimated Authorization Level	0	0	0	0	0	158	160
Estimated Outlays	0	0	0	0	0	8	110
Civic Education							
Estimated Authorization Level	0	10	10	10	11	11	11
Estimated Outlays	0	1	8	10	10	11	11
Allen J. Ellender Fellowships							
Estimated Authorization Level	0	4	4	5	5	5	5
Estimated Outlays	0	0	3	4	5	5	5
Subtotal, Title V							
Estimated Authorization Level	0	76	77	77	77	236	239
Estimated Outlays	0	8	59	74	77	85	188
Total Proposed Changes							
Estimated Authorization Level	0	2,197	2,231	2,268	2,306	2,499	2,540
Estimated Outlays	0	116	1,354	2,035	2,214	2,288	2,435
Total Spending Under H.R. 4141							
Estimated Authorization Level ^a	1,927	2,960	2,381	2,421	2,461	2,499	2,540
Estimated Outlays	1,829	2,180	2,414	2,392	2,421	2,446	2,482

NOTE: Components may not sum to totals because of rounding.

a. The 2000 level is the amount appropriated for that year for the programs that H.R. 4141 would reauthorize. The 2001 level includes \$615 million from an advance appropriation already enacted. Remaining amounts for 2001 and subsequent years are the estimated authorization levels under current law.

Most of the programs that would be reauthorized under H.R. 4141 are funded through the education reform and school improvement budget accounts. The school improvement account includes several of the currently funded competitive grant programs, such as the Charter School and Arts in Education program, as well as formula grant programs that are forward-funded and broad in their allowable usages, such as the Innovative Education Program Strategies block grant and the Safe and Drug Free Schools program. Programs in this account tend to have a pattern of spending 5 percent in the first year and 65 percent in the second year. The education reform account includes most of the technology education programs, which are predominantly competitive grant programs, as well as the 21st Century Community Learning Centers program, a relatively new competitive grant program. Spending under these programs tends to occur over a longer period, with a pattern of spending 5 percent in the first year, 40 percent in the second, and 40 percent in the third, with the remaining 15 percent over the subsequent three years.

Title I - Transferability

Title I would allow states and local education agencies (LEAs) to transfer funds between several formula grant programs. States would be granted transfer authority over all of their funds under these programs, whereas LEAs would need state approval to transfer more than 35 percent of funds under any single program. No money could be transferred out of funds provided under Title I of ESEA, but funds from other programs could supplement programs authorized under that title. CBO estimates that enactment of title I of H.R. 4141 would not introduce any additional costs or change the spending patterns of these programs.

Title II - Drug and Violence Prevention Education

Title II would combine the 21st Century Community Learning Centers program (21st Century program), currently authorized under Part I of Title X of ESEA, and the Safe and Drug Free Schools and Communities Act, authorized under Title IV of ESEA, into a new Supporting Drug and Violence Prevention and Education for Students and Communities Act. Total funding for these two programs in 2000 was \$1.05 billion. CBO estimates the total cost of implementing this title would be \$928 million for 2001. Assuming adjustments for inflation, we estimate total authorizations of \$6.2 billion over the 2001-2006 period, with resulting outlays of \$4.7 billion over that period.

Current Law. The 21st Century program funds three-year competitive grants to LEAs to support before-school and after-school programs. The 21st Century program was funded at \$453 million in 2000.

The Safe and Drug Free Schools and Communities Act has two components. Part A provides formula grants to states for drug and violence prevention programs. One-half of the total funding is allocated based on a state's relative school-aged population, with the other half based on its relative share of funding under Title I of ESEA. From each state's allocation, 80 percent is awarded to the State Education Agency (SEA) and 20 percent to the governor for statewide programs. SEAs are allowed an administrative set-aside of 4 percent and required to set aside 0.2 percent for Native Hawaiians and 1 percent each for Native Indians and outlying areas. Of the remainder, 70 percent must be awarded to LEAs based on enrollment and 30 percent to LEAs with the greatest need. Funding for Part A for the 2000-2001 academic year was \$439 million.

The National Activities component, under part B of the Safe and Drug Free Schools and Communities Act, authorizes discretionary grants for demonstration projects and evaluations of drug and violence programs. Under the 1999 appropriations act, the Congress significantly increased funding for National Activities initiatives, directing the additional money to be used to enable LEAs to hire program coordinators for middle schools and for targeted assistance to LEAs. These directives resulted in the establishment of the Middle School Drug Prevention and School Safety Coordinators program (Middle School Coordinator program), and the Safe Schools/Healthy Students program, a joint initiative with the Departments of Education, Justice, and Health and Human Services. Total funding for National Programs for 2000 was \$161 million, of which \$82 million was directed for the Safe Schools/Healthy Students initiative and \$50 million for the Middle School Coordinator program.

Part A - State Grants for Drug and Violence Prevention Programs. Part A of the Supporting Drug and Violence Prevention and Education for Students and Communities Act would continue the state grant component of the Safe and Drug Free Schools and Communities Act, and expand the authorized use of funds to include both after-school programs and the hiring of program coordinators for drug and violence prevention programs in grades six through nine. The combined funding level for these three activities for the 2000-2001 academic year was \$943 million.

Under H.R. 4141, grants would be allocated among states and within states in basically the same manner that grants are currently allocated under the Safe and Drug Free Schools and Communities Act. However, because total funding for the new program would be almost twice the level under the current Safe and Drug Free state grant program alone, the set-aside percentages would be reduced accordingly. While the current governors' allocation is 20 percent of the state allocation for the Safe and Drug Free School and Communities program, it would be 10 percent of the total allocation under the new program. Likewise, the set-aside for Native Indians and outlying areas would be revised from the current 1 percent of the Safe and Drug Free School funds to 0.5 percent of the total funds under the

new program or \$5.2 million, whichever is greater. The set-aside for Native Hawaiians would be discontinued.

Because grants under the 21st Century and Middle School Coordinator programs are currently awarded directly to LEAs, the structure of the new program would not authorize the direct continuation of grants made under these programs prior to the enactment of H.R. 4141. However, since the new program would authorize the activities currently funded under these programs, CBO estimates that total funding for such activities would remain consistent with the 2000 funding level.

Currently, funds from the 21st Century competitive grant program demonstrate a slower spending pattern than the formula grants to states under the Safe and Drug Free Schools and Communities Act. CBO estimates that the funds from this new program would demonstrate a spending pattern consistent with the Safe and Drug Free Schools and Communities state grants, since it would allocate funds in the same way.

CBO estimates that the bill would authorize total funding for part A of the new Supporting Drug and Violence Prevention and Education for Students and Communities Act for 2001 at \$959 million, increasing to \$1,042 million in 2006, assuming adjustments for inflation.

Part B - National Programs. H.R. 4141 would remove some activities currently authorized under the national programs component of the Safe and Drug Free Schools and Communities Act, but most current programs would continue to be authorized. Excluding funds for the coordinator initiative, whose activities would now be authorized under part A, the 2000 funding level for national programs totaled \$111 million.

H.R. 4141 would require the Secretary of Education to establish a national clearinghouse for after-school programs out of funds made available for national programs. Based on information from the department, CBO estimates a total cost of the clearinghouse would be \$7.5 million over five years, starting in 2001.

In addition, part D of this title would authorize the Secretary to use funds appropriated for part B to award continuation grants for the 21st Century program and the Middle School Coordinator program. Based on information from the Department of Education, continuation of existing grants under the existing 21st Century program would cost \$405 million in 2001 and \$253 million in 2002. For the Middle School Coordinator program, the department estimates continuation grants would cost \$48 million in 2001 and \$38 million in 2002.

In contrast, H.R. 4141 would cap the authorized funding level for national programs at \$20 million for each year of the reauthorization. Clearly, this level is insufficient to maintain the current funding level for existing programs under this part or to support continuation

grants for the 21st Century program or the Middle School Coordinator program. CBO estimates a spending rate consistent with programs currently funded under this program, which would result in outlays of \$94 million over the 2001-2006 period.

Title III - Tech for Success

Title III would reauthorize several technology education programs, currently funded under Title III of ESEA. It would consolidate several activities into a new Tech for Success Grant Program, reauthorize the Ready to Learn Television Program, and expand the Telecommunications Demonstration Project for Mathematics. CBO estimates authorizations under this title would be \$771 million for 2001 and \$4.8 billion for the 2001-2006 period, with resulting outlays over this period of \$3.4 billion. Comparable funding for 2000 was \$756 million.

Part A - Tech for Success Grant Program. The Tech for Success Grant Program under H.R. 4141 would consolidate the activities currently funded under the Literacy Challenge Fund, the Innovation Challenge Fund, the Technology Leadership, Teacher Training, Community-based Centers, and the Star Schools programs, all currently authorized under Part A of Title III of ESEA. The combined funding level for these programs for 2000 was \$731 million. The Literacy Challenge Fund, the largest of these current programs with a 2000 funding level of \$425 million, is allocated to states based on their relative share of funds under Part A of Title I of ESEA and among LEAs on a competitive basis. The remaining programs fund competitive grants to various education entities.

H.R. 4141 would allow 5 percent of total funds to be used for National Technology Initiatives, set aside the greater of \$2.125 million or 0.305 percent of total funds for schools operated by the Bureau of Indian Affairs within the Department of the Interior, and set aside an equivalent amount for outlying areas.

The bill would allocate 50 percent of available funds under the Tech for Success Grant Program to states based on their relative share of funds under Part A of Title I of ESEA and 50 percent based on enrollment. States would be allowed to set aside 5 percent of their funds for state-level activities. H.R. 4141 would require states to distribute their remaining funds to LEAs, 80 percent based on a state-determined formula and 20 percent through competitive grants.

H.R. 4141 would require the Secretary to conduct a long-term study on the effectiveness of technology education on student outcomes. Based on information from the department, CBO estimates a total cost of the study would be \$8 million over four years.

H.R. 4141 would authorize continuation of multiyear grants made under Title III of ESEA prior to enactment of H.R. 4141. Funds available for grants under the new program would be reduced accordingly. The spending rate is currently the same for each of these programs, and CBO assumes spending under the Tech for Success Program would continue at the same rate.

The bill would also expand the authorized use of funds to include purchasing laptop computers, would require that 20 percent of funds be used for professional development activities, and would require schools that purchase computers for Internet use to filter harmful material. CBO estimates that these provisions would have no effect on spending.

CBO estimates that the bill would authorize a funding level for 2001 for the Tech for Success Grant Program of \$746 million. We estimate that authorizations over the 2001-2006 period would total \$4.7 billion with resulting outlays of \$3.3 billion.

Part B - Ready to Learn Television. H.R. 4141 would reauthorize the Ready to Learn Television program, currently authorized under Part C of Title III of ESEA. The 2000 funding level was \$16 million and H.R. 4141 would not introduce any significant revision to the program. Under H.R. 4141, CBO estimates authorizations for this program for the 2001-2006 period totaling \$102 million. CBO assumes spending would remain consistent with current rates.

Part C - Telecommunications Program. H.R. 4141 would introduce a new program that would expand on the existing Telecommunications Demonstration Project for Mathematics, currently authorized under Part D of Title III of ESEA. The current program supports an on-line professional development network for mathematics educators to share teaching strategies. The new program would be more extensive and include educators from all core subjects. Funding for 2000 was \$8.5 million and CBO estimates that authorized funding for the new program under H.R. 4141 would be \$8.6 million for 2001. CBO assumes spending to remain consistent with current rates.

Title IV - Innovative Education Programs

H.R. 4141 would continue a block grant program, currently authorized under Title VI of ESEA. The bill would specify a few additional authorized activities, such as programs that provide same-gender classrooms or schools, community service projects, and public school choice initiatives. However, the current program authorizes a broad range of activities, and CBO estimates authorized funding would remain consistent with the 2000-2001 academic year level of \$366 million. CBO estimates the total cost of implementing this title would require an appropriation of \$372 million in 2001. CBO estimates total authorizations over

the 2001-2006 period of \$2.3 billion, with outlays of \$1.8 billion over that period, assuming adjustments for inflation.

Title V - Programs of National Significance

Title V would reauthorize certain programs currently funded under the Fund for the Improvement of Education, extend the authorization of the Charter Schools program, and reauthorize the Civic Education, Arts in Education, and Ellender Fellowship Programs. CBO estimates that enactment of this title would increase authorizations by \$76 million in 2001 and \$781 million over the 2001-2006 period. We estimate outlays over this six-year period of \$492 million. Total funding for these programs in 2000 was \$412 million.

Part A - Fund for the Improvement of Education. H.R. 4141 would streamline the authorized activities under the Fund for the Improvement of Education, currently authorized under Part A of Title X of ESEA. It would cap authorized spending for the program at \$50 million, less than one-fourth of the 2000 funding level of \$244 million.

Part B - Arts in Education. H.R. 4141 would reauthorize the Arts in Education program, currently authorized under Part D of Title X of ESEA. It would not extend the authority for the Cultural Partnerships for At-Risk Youth, which has never been funded. CBO estimates authorizations for the 2001-2006 period for the Arts in Education program under H.R. 4141 would be \$73 million. Funding for 2000 was \$11.5 million.

Part C - Charter Schools. H.R. 4141 would extend the authorization of the Charter School program through 2005 plus the one-year extension under GEPA. The Charter School program is currently authorized through 2003 under the Charter School Expansion Act of 1998 and through 2004 under GEPA. Thus, CBO estimates no additional costs for this program for the 2001-2004 period. We estimate authorizations of \$158 million in 2005 and \$160 million in 2006, assuming adjustments for inflation.

Part D - Civic Education. H.R. 4141 would reauthorize the Civic Education program, currently authorized under Part F of Title X of ESEA. Assuming adjustments for inflation, CBO estimates that H.R. 4141 would provide additional authorizations of \$63 million for the 2001-2006 period for this program. The 2000 funding level was \$9.85 million. CBO estimates the program will continue to spend funds at its current rate.

Part E - Allen J. Ellender Fellowship Program. H.R. 4141 would authorize \$4.4 million for 2001 to continue the Allen J. Ellender Fellowships program, and such sums as may be necessary for the following four years. The funding level for 2000 was \$1.5 million.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

HR 4141 would reauthorize certain sections of the Elementary and Secondary Education Act of 1965 that provide over \$2 billion in grants to state and local education agencies and tribal governments to support their efforts to improve educational opportunities and performance for specific populations of students. The bill contains no intergovernmental mandates as defined in UMRA; any costs to state, local, or tribal governments as a result of enactment of this bill would be incurred voluntarily, as conditions of aid.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATES

On March 31, 2000, CBO transmitted a cost estimate for S.2, as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on March 9, 2000. That bill would reauthorize several education programs, including those addressed in this bill, with some variations from the authorizations under H.R. 4141. For example, S.2 would not consolidate the current Safe and Drug Free Schools program and the 21st Century programs, would authorize a higher funding level for the Fund for the Improvement of Education, would increase funding for Charter Schools, and would consolidate other programs into the existing Innovative Education Program Strategies block grant.

H.R. 4141 marks the sixth in a series of bills ordered reported during the 106th Congress that will comprise the House's comprehensive reauthorization of ESEA and related education acts. CBO prepared estimates of the five previous bills:

- H.R. 1995, as ordered reported by the House Committee on Education and the Workforce on June 30, 1999, would consolidate funding for teacher training initiatives. (See CBO estimate dated July 1, 1999.)
- H.R. 2300, as ordered reported by the House Committee on Education and the Workforce on October 13, 1999, would authorize the Straight A's program to consolidate funding under several education programs. (See CBO estimate dated October 15, 1999.)

- H.R. 2, as reported by the House Committee on Education and the Workforce on October 18, 1999, addressed Education for the Disadvantaged, Rural Education, Education for the Homeless, Education for Indians, Native Hawaiians, and Alaska Natives, and the Magnet School and Charter School programs. (See CBO estimate dated October 19, 1999.)
- H.R. 3616, as ordered reported by the House Committee on Education and the Workforce on February 16, 2000, would reauthorize the Impact Aid program. (See CBO estimate dated February 28, 2000.)
- H.R. 3222, as ordered reported by the House Committee on Education and the Workforce on February 16, 2000, would reauthorize the Even Start Family Literacy and Inexpensive Book Distribution programs. (See CBO estimate dated February 28, 2000.)

ESTIMATE PREPARED BY:

Federal Costs: Audra Millen

Impact on State, Local, and Tribal Governments: Susan Sieg Tompkins

Impact on the Private Sector: Michelle Jewett

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis